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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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In the matter of US West
Communications Inc.'s Compliance with
§271 of the Telecommunications Act
of 1996)

In the matter of Qwest Corporations's
With Section 252(e) of the
Telecommunications Act of 1996)

Arizona Corporation Commission)

Complainant.)

v.)

Qwest Corporation)

Respondent.)

Docket No: T-00000A-97-0238

Docket No: RT-00000F-02-0271

Docket No: T-01051-02-0871

**WORLDCOM'S RESPONSE
TO SETTLEMENT
AGREEMENT FILED
JOINTLY BY QWEST AND
STAFF JULY 25, 2003**

WorldCom, Inc., on behalf of its regulated subsidiaries, ("MCI") responds to the proposed Settlement Agreement filed by the Staff of the Arizona Corporation Commission ("Staff") and Qwest Corporation ("Qwest") in these proceedings.

COMMENTS

MCI agrees with the recitation of facts stated in AT&T's Response to the Settlement Agreement dated and filed August 6, 2003, in these proceedings.

With respect to Item 3: Issuance of credits off of future purchases equaling 10% of actual purchases of Section 251(b) and (c) services for the period of January 1, 2001 through June 30, 2002.

CLECs should receive a discount for all services for which Eschelon and McLeod were authorized to obtain the discount, not just Section 251(b) and (c) services. The period of time over which CLECs should receive the discount should be equivalent to the longest period of time either McLeod or Eschelon were authorized to receive the discount. The discounts should be applied prospectively.¹

As noted by AT&T, Eschelon and McLeod had the opportunity to make prospective business decisions with the knowledge that they had a discount of 10% on all future purchases for the length of the contracts. MCI and other CLECs also should have the opportunity to make investment decisions going forward with the knowledge they will receive a discount of 10% on all purchases. This puts MCI and the other CLECs in the same position Eschelon and McLeod were in. The wholesale rates that MCI was charged by Qwest for UNEs and UNE-P

¹ See, confidential Direct Testimony of Marta Kalleberg, dated February 21, 2003, at Page 84, Line 8 through Page 85, Line 6, where Ms. Kalleberg addresses options available to the Commission for non-monetary penalties relating to the 10% discount and Page 90, Line 18 through Page 92, Line 7, where Ms. Kalleberg makes her recommendations from the options discussed.

affected its decisions on whether and when to enter a given market. *The Neighborhood* was only offered in Arizona on April 16, 2002. MCI had been offering local service in New York and other states well in advance of that dates because entry in those states was economic. Until this Commission modified the UNE loop rates in particular, entry by MCI in the Arizona Market was uneconomic.

Also as noted by AT&T, Qwest and Staff have limited the discount credit to Section 251(b) and (c) services; however, the Release of All Claims requires the CLECs to release Qwest from *all* discriminatory and unlawful conduct, whether such conduct was a violation under federal or State law.

With respect to Item 4: Credit of \$2 per month per CLEC access line, offset by actual CLEC collections from Qwest for terminating intraLATA traffic for eight months (July 2001 through February 2002). CLECs must provide documentation showing collections.

It is not clear what is meant by providing a credit. However, MCI prefers cash or fund transfers, not credits to future bills. In addition, Qwest should have all necessary documentation and it is not clear what documentation should be required from CLECs. MCI requests that this item be clarified to address these issues and identify what documentation is contemplated and will be sufficient if this proposal is accepted. Qwest should have sufficient documentation to identify the relevant CLEC lines/loops.

With respect to Item 5: Credit of \$13 for eight months from November, 2000 through June, 2001, and \$16 per month for eight months from July, 2001 through February, 2002 per UNE-P purchase, offset by actual CLEC per line billings to IXC for switched access. CLECs must provide documentation showing billings to IXC.

Once again, Qwest should have all necessary documentation and it is not clear what documentation should be provided by CLECs. MCI requests that this item be clarified to address these issues and identify what documentation is contemplated and will be sufficient if this proposal is accepted.

The Commission should reject the Settlement Agreement as written and address the concerns raised here, particularly the need to apply the discounts on a prospective basis to allow MCI and other CLECs the ability to make prospective business decisions with full knowledge that they will receive discounts and credits for all the services Eschelon and McLeod received such discounts and credits.

Dated this 28th day of August, 2003.



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CERTIFICATE OF SERVICE

I certify that the original and 17 copies of WORLDCOM'S RESPONSE
TO SETTLEMENT AGREEMENT FILED JOINTLY BY QWEST AND STAFF
JULY 25, 2003 were hand delivered this 28th day of August, 2003, to:

Arizona Corporation Commission
Docket Control – Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

and that a copy of the foregoing was mailed this 28th day of August, 2003, to the following:

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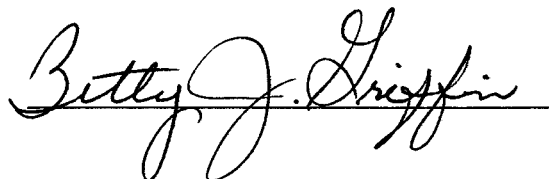
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A handwritten signature in cursive script, reading "Betty J. Griffin", written over a horizontal line.